

## Message Text

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53

ACTION NEA-09

INFO OCT-01 ISO-00 PC-05 EUR-12 CIAE-00 DODE-00 PM-03 H-02

INR-07 L-02 NSAE-00 NSC-05 PA-02 PRS-01 SP-02 SS-15

USIA-15 INT-05 SAJ-01 NIC-01 AID-05 EB-07 CIEP-02

TRSE-00 STR-04 OMB-01 CEA-01 COME-00 /108 W

----- 035577

R 210925Z MAR 75

FM AMCONSUL KARACHI

TO AMEMBASSY LAGOS

INFO SECSTATE WASHDC 8732

AMEMBASSY ISLAMABAD

UNCLAS KARACHI 0506

E.O. 11652: N/A

TAGS: EMIN, EIND, BEXP, PK, UR, FR, NI

SUBJ: KARACHI STEEL MILL PROJECT

REF: A. KARACHI A-66, JUNE 17, 1974

B. LAGOS 2199

1. EMBASSY, ISLAMABAD HAS REQUESTED THAT KARACHI TAKE ACTION ON REF B SINCE STEEL MILL PROJECT AND TOP MANAGEMENT LOCATED HERE. REF. A DESCRIBING 1.1 MILLION TON INITIAL CAPACITY KARACHI STEEL MILL BEING BUILT WITH SOVIET TECHNICAL ASSISTANCE HAS BEEN POUCHED TO AMEMBASSY LAGOS. SINCE REF. A WAS WRITTEN IN JUNE 1974, A SECOND AGREEMENT WITH THE SOVIET UNION HAS BEEN SIGNED PROVIDING FOR INCREASED FOREIGN EXCHANGE CREDITS FROM THE SOVIET UNION FOR STEEL MILL TOTALLING 340 MILLION ROUBLES.

2. CONGENOFF HAS CONTACTED KNOWLEDGEABLE LOCAL SOURCE WHO STATES FRENCH CONSULTING FIRM SOFRASID IS PROVIDING CONSULTING AND ENGINEERING SERVICES TO GOP PAKISTAN STEEL MILLS CORPORATION WHO WILL OWN AND OPERATE PLANT. PSMC HIRED SOFRASID AS CONSULTANTS BECAUSE SOFRASID HAD WORKED SUCCESSFULLY WITH SOVIETS ON UNCLASSIFIED

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STEEL MILLS IN ISFAHAN AND ALGERIA. SOVIETS WERE REPORTEDLY

HAPPY TO WORK WITH SOFRASID ON KARACHI PROJECT. SERVICES OF SOFRASID ARE REPORTEDLY BEING PAID FOR BY A CREDIT FROM FRENCH GOVERNMENT.

3. AS REPORTED IN REF. A, COMMERCIAL OPPORTUNITIES FOR AMERICAN FIRMS FROM KARACHI STEEL PROJECT ARE LIMITED PRIMARILY TO SUCH ADDITIONAL INFRASTRUCTURE REQUIREMENTS AS SEWER AND WATER SYSTEMS, TRANSPORT EQUIPMENT AND PORT EQUIPMENT TOTALLING PERHAPS DOLS 40 MILLION AND CERTAIN HIGH TECHNOLOGY MACHINERY WHICH NEITHER SOVIET UNION NOR PAK INDUSTRY ABLE TO SUPPLY. IN PROCURING ABOVE FROM THIRD COUNTRIES IT SEEMS CLEAR THAT AVAILABILITY OF FINANCING ON FAVORABLE TERMS WILL BE A KEY FACTOR. SINCE CURRENT U.S. DEVELOPMENT ASSISTANCE NOT ORIENTED TOWARDS INDUSTRIAL PROJECTS, SEEMS MOST UNLIKELY THAT ANY BILATERAL U.S. ASSISTANCE WOULD BE FORTHCOMING FOR STEEL MILL PROJECT. FURTHERMORE, IT DOUBTFUL THAT USG WOULD BE WILLING TO FINANCE SUB-COMPONENTS OF WHAT IS ESSENTIALLY A SOVIET PROJECT AND, THEREFORE, U.S. COMMERCIAL OPPORTUNITIES APPEAR VERY LIMITED.

4. ONE AREA WHERE U.S. SUPPLIERS HAVE SHOWN SOME INTEREST IS IN PROVIDING CONSTRUCTION MANAGEMENT SERVICES TO THE PSMC TO MONITOR AND ENSURE TIMELY COMPLETION OF PROJECT. FINAL DECISION BY PSMC ON WHETHER TO EMPLOY SUCH MANAGEMENT SERVICES HAS NOT YET BEEN MADE BUT CONGEN HOPES FOR FAVORABLE OUTCOME. SUCH A SERVICE CONTRACT, HOWEVER, WOULD ONLY BE WORTH ABOUT DOLS 1.2 MILLION (TO BE PAID FOR FROM PAKISTAN'S OWN FOREIGN EXCHANGE RESOURCES). THIS IS VERY SMALL PART OF TOTAL PROJECT VALUE, ESTIMATED AT OVERALL TOTAL OF DOL 1 BILLION.  
TIGER

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** STEEL, PROGRAMS (PROJECTS), INDUSTRIAL PLANTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 21 MAR 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
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**From:** KARACHI  
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**Office:** ACTION NEA  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
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**Previous Handling Restrictions:** n/a  
**Reference:** 75 KARACHI A-66, 75 JUNE 17, 75 1974  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** woolflhd  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 23 SEP 2003  
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**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** KARACHI STEEL MILL PROJECT  
**TAGS:** EMIN, EIND, BEXP, PK, UR, FR, NI  
**To:** LAGOS  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006